

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

June 30, 2020

A handwritten signature in black ink, appearing to read "Eugene H. Schied", is positioned above the name. The signature is fluid and cursive, with a large initial "E" and "S".

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JUNE 30, 2020**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$176.0 million. The balance increased by \$4.3 million for the month due to the collection of annual operating fees and offset by the cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2021.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. The balance increased by \$36 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$274 thousand. Its balance decreased by approximately \$15.4 million from prior month primarily due to the collection of annual operating fees.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$4.1 million for the month primarily due to vendor/trade and relocation payments.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

Statements of Revenues, Expenses, and Changes in Fund Balance

Revenues in excess of expenses totaled \$1.6 million for the month. Operating fees reflects one-twelfth of the 2020 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position increased \$4.3 million from prior month. In the current month, \$6.1 million was provided by operating activities and \$1.7 million was used in investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable and on capital lease obligations totaled \$130 thousand.

Other Information

The Agency had 47 vacancies as of month-end. The 47 vacancies represent 4.0 percent of total authorized staff of 1,186. Annualized travel spend per employee is \$9.0 thousand.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of June 30, 2020 and 2019

(Dollars in thousands)

	June 2020	June 2019
ASSETS		
Cash and cash equivalents	\$ 176,009	\$ 157,978
Due from National Credit Union Share Insurance Fund	181	3,072
Employee advances	16	51
Other accounts receivable, Net	274	230
Prepaid expenses and other assets	5,439	5,949
Assets held for sale	-	447
Fixed assets - Net of accumulated depreciation of \$36,781 and \$40,321 as of June 30, 2020 and June 30, 2019, respectively	30,165	28,664
Intangible assets - Net of accumulated amortization of \$21,896 and \$18,965 as of June 30, 2020 and June 30, 2019, respectively	26,936	11,440
TOTAL ASSETS	\$ 239,020	\$ 207,831
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 4,314	\$ 5,615
Obligations under capital leases	688	1,169
Accrued wages and benefits	13,033	10,581
Deferred revenue ¹	72,793	68,860
Accrued annual leave	22,393	20,442
Note payable to National Credit Union Share Insurance Fund	4,358	5,699
TOTAL LIABILITIES	117,579	112,366
FUND BALANCE	121,441	95,465
TOTAL LIABILITIES AND FUND BALANCE	\$ 239,020	\$ 207,831

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended June 30, 2020 and 2019

(Dollars in thousands)

	<u>June 2020</u>	<u>Year-to-Date June 2020</u>	<u>Year-to-Date June 2019</u>
REVENUES			
Operating fees	\$ 12,133	\$ 72,797	\$ 68,871
Interest	19	287	1,287
Other ¹	(20)	345	521
Total Revenues	<u>12,132</u>	<u>73,429</u>	<u>70,679</u>
EXPENSES, NET²			
Employee wages and benefits	8,315	44,574	42,000
Travel	153	1,982	4,077
Rent, communications, and utilities	132	992	1,441
Contracted services	1,451	7,778	8,348
Depreciation and amortization	221	1,408	1,259
Administrative	261	1,205	2,153
Total Expenses, Net	<u>10,533</u>	<u>57,939</u>	<u>59,278</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,599	15,490	11,401
FUND BALANCE—Beginning of period	<u>119,842</u>	<u>105,951</u>	<u>84,064</u>
FUND BALANCE—End of period	<u>\$ 121,441</u>	<u>\$ 121,441</u>	<u>\$ 95,465</u>

¹Parking revenue earned during Q1 2020 was lower than the estimated amount due to a decline in parking usage as a result of COVID-19. The year-to-date impact of the higher parking estimate nets to zero, but results in negative revenue for the month ended June 30, 2020. The Q2 2020 estimate for parking revenue has been reduced accordingly.

² Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 61.3% and 60.5% for 2020 and 2019, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended June 30, 2020 and 2019

(Dollars in thousands)

	June 2020	Year-to-Date June 2020	Year-to-Date June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 1,599	\$ 15,490	\$ 11,401
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	572	3,638	3,187
(Gain) Provision for loss on disposal of assets held for sale	-	(11)	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(36)	2,128	951
Employee advances	-	(9)	292
Other accounts receivable, net	15,430	87	200
Prepaid expenses and other assets	337	(1,425)	(3,271)
(Decrease) increase in liabilities:			
Accounts payable	(4,054)	(4,988)	(4,659)
Accrued wages and benefits	1,827	(1,438)	(4,196)
Deferred revenue	(12,133)	72,793	68,860
Accrued annual leave	2,589	3,448	1,663
Accrued employee travel	-	(708)	(619)
Net Cash Provided by Operating Activities	6,131	89,005	73,809
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,677)	(6,664)	(6,292)
Proceeds from sale of assets held for sale	-	434	(447)
Net Cash Used in Investing Activities	(1,677)	(6,230)	(6,739)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(670)	(670)
Principal payments under capital lease obligations	(18)	(588)	(544)
Net Cash Used in Financing Activities	(130)	(1,258)	(1,214)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	4,324	81,517	65,856
CASH AND CASH EQUIVALENTS—Beginning of period	171,685	94,492	92,122
CASH AND CASH EQUIVALENTS—End of period	\$ 176,009	\$ 176,009	\$ 157,978
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 83	\$ -
CASH PAYMENTS FOR INTEREST	\$ 6	\$ 41	\$ 60

The balances in the statement above are preliminary and unaudited.